

MINUTES

MONTANA SENATE 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN BOB DEPRATU**, on April 3, 2001 at 8:00 A.M., in Room 405 Capitol.

ROLL CALL

Members Present:

Sen. Bob DePratu, Chairman (R)
Sen. Alvin Ellis Jr., Vice Chairman (R)
Sen. John C. Bohlinger (R)
Sen. Mack Cole (R)
Sen. Pete Ekegren (R)
Sen. Jon Ellingson (D)
Sen. Bill Glaser (R)
Sen. Dan Harrington (D)
Sen. Emily Stonington (D)

Members Excused: None.

Members Absent: None.

Staff Present: Lee Heiman, Legislative Branch
Deb Thompson, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: House Bill 124, 3/29/2001
Executive Action:

HEARING ON HOUSE BILL 124

Sponsor: REP. ROBERT STORY, HD 24, Park City

Proponents: Harold Blater, Stillwater Co.
John Lawton, City of Great Falls
Gary Fylstad, Rosebud Co./MACO
Alec Hansen, MT League of Cities and Towns
Dennis Taylor, City of Billings

Dean Harmon, Roosevelt Co.
 Mike Kadus, Mayor of Missoula
 Bob Vogel, MT School Board Assoc. and MT Rural Education Assoc.
 Madalyn Quinlan, OPI
 Jean Curtiss, Missoula Co.
 Allan Underdal, Toole Co.
 Gordon Morris, MACO
 Hank Hudson, DPHHS
 Mary Whittingbill, MT Taxpayers Assoc.
 Ron Alles, Lewis and Clark Co.
 Tim Burton, City of Helena
 Mary Sexton, Teton Co.

Opponents: Dal Smilie, American Motorcyclist Assoc.
 Doug Abelin, MT Trail Vehicle Riders Assoc.
 J.D. Lynch, Butte School District #1
 Bob Gilbert, Walleyes Unlimited
 Mary Phippen, MT Assoc. Clerks of District Court
 Ken Hoovestol, MT Snowmobile Assoc.
 Tom Bilodeau, MEA-MFT
 Mona Jamison, Gallatin Co.
 Ed Blacknen, Gallatin Co. Fiscal
 Charles Brooks, Yellowstone Co.
 John Larson, District Court Judge Missoula
 Ronda Carpenter, MT Coin Machine Operators

Opening Statement by Sponsor: REP. ROBERT STORY, HD 24, Park City, gave a slide presentation of HB 124. **EXHIBIT(tas75a01)**
{Tape : 1; Side : A; Approx. Time Counter : 0 - 24.3}

REP. STORY discussed a sheet containing the next four years and where the money comes from and where it goes. He discussed the expenditure part in detail. **EXHIBIT(tas75a02)**

REP. STORY discussed what each impact of proposed funding shifts on state government would have, etc. He also discussed the other pages of the exhibit and what they entail. **EXHIBIT(tas75a03)**
{Tape : 1; Side : B; Approx. Time Counter : 0 - 2}

Informational Testimony: REP. JEFF MANGAN, HD 45, Great Falls, said he has worked mostly on the education area of this bill. He said it was apparent that when this bill was discussed in subcommittee there was a lack of communication between the education community and the people putting this bill together. One of the biggest problems was the lack of growth factors in the bill for education. He said instead of taking the sunset language out of the bill they took it out theoretically by including the allotment for school districts in the next biennium as part of

the Governor's budget. He said they also attempted to address the growth issue, but they couldn't come to an agreement in the select committee. He said he had some amendments that would address the problems that the education community is facing. He said one of the reasons for having a sunset and not having a growth factor for schools was because of the new school funding formulas. He said originally the bill was sunset after the next biennium for schools, but now they would like to take out the sunset. He discussed the amendments. He said one of the concerns was the cost if they had a growth factor for schools and they added the Industrial TIF s to help with this growth. He passed out a sheet explaining the money that would be used in each biennium. **EXHIBIT (tas75a04)** He said he does not want this to affect the growth rate and financial portions that go to cities and counties. **{Tape : 1; Side : B; Approx. Time Counter : 2 - 15.6}**

Proponents Testimony:

Harold Blattie, Stillwater Co., said he served on the interim committee to help create this bill. He said the principle that they stuck to is that no jurisdiction should be harmed. He said they included every district and that they needed to remain whole. He said they have held several state meetings to try and help people to understand this bill. He said there were several misconceptions about this bill and he discussed them. He said one of the problems is that many local governments have mistrust of the Department of Revenue to be able to handle the distribution of this. He said he felt the Department has the resources to handle this job and would not be taken over by the State. He said they spent a long time trying to figure out what was appropriate state functions and what was local government functions. **{Tape : 1; Side : B; Approx. Time Counter : 15.6 - 20.8}**

John Lawton, City of Great Falls, said this was the first time he had seen local government representatives, legislators and state agencies come together and look at the financing system for local government. He said one of the reasons people might oppose this bill was because of trust. He said city government takes in three major revenues which include reimbursement of bills, gambling, and motor vehicles. He said they have to trust the legislature on the reimbursement end as this has to be re-implemented ever two to four years. The State of Montana creates gambling, it is not a locally levied tax and motor vehicles are the same way. He said if they focus on a logical rational system where reimbursements and entitlement shares are coming from one source that will be the focus of attention rather than spreading it among 50 or 60 different revenues as they have today. He said he felt this would help build trust between local governments and the legislature.

He said one of the misconceptions was that this bill would increase dependency of local government upon the state, but this was not true. He said another issue considered was less connection between local governments and gambling interests. He said the City of Great Falls had a policy in which gambling was a statewide social issue and shouldn't be decided on the financial basis for local services. He said this bill was not the complete answer to local government financing problems, but was a big step in the right direction. **{Tape : 1; Side : B; Approx. Time Counter : 20.8 - 26.8}**

Gary Fylstad, Rosebud Co./MACO, said this bill is important for the reimbursement of local governments. He said a little over half of the counties support this bill and many are still undecided. He said there is not a lot of trust between local governments, the Department of Revenue and the State and hopefully this bill will help solve this trust problem.

Alec Hansen, MT League of Cities and Towns, said this bill represented the interests of cities and towns. He said the bill completely rewrote about 100 years of state laws on local government finance statutes. He said many of these laws had no planning or basic concepts, and most do not fit together. He said the bill simplified that, put it into logic, gave it balance and local control. He said the entitlement share made this bill work. He stated each city and town across Montana would receive a base entitlement that was equal to the amount of revenue they would lose in the current fiscal year. In the next four fiscal years, that base amount would increase by a percentage equal to 70 percent of the four year average of the increase in personal and gross state products. He said the bill established a link between state and local governments based on the performance of the economy. He said they need to get away from the idea that local governments are last in line and create a partnership between state and local government. **{Tape : 2; Side : B; Approx. Time Counter : 0 - 4.9}**

Dennis Taylor, City of Billings, said ability, predictability and partnership were currently absent in the relationship between the state and local governments and this bill would help solve that.

Dean Harmon, Roosevelt Co., said trust was relevant between state and local governments. He said in 1996 they had an issue to establish mills for the three airports in Roosevelt Co. He stated they had enough money they didn't need to tax any of their residents to operate those three airports for the coming year. However, they were froze at those 1996 levies and this created many financial hardships. He said now that they have the floating levy, they tax every penny they can because of the past problems.

He said they would like to get away from those problems by passing this bill. He felt a statement of intent would be relevant to satisfy some of the county's concerns.

Mike Kadas, Mayor of Missoula, said one of the most important parts of this bill was the reimbursement section. He said this bill would eliminate HB 20, SB 412, and SB 184 reimbursements. He said HB 20 and SB 412 are declining by ten percent. He said when the legislature put those through there was the assumption that tax breaks would increase economic activity and increase the amount of personal property on the books and local government would be kept whole. He said this has not happened and local governments have been burdened by this mistake. SB 184 reimbursements end after this year and this is almost \$500,000 worth of reimbursements that Missoula would not have. He said putting the reimbursements into one pot and adding some growth on them is appropriate. He said this bill was more advantageous to areas that have declining or stagnant populations than it is to growing populations, but gives stability over the long run. He said Missoula has over \$6 Million invested in this bill between general and tax increment funds which is over 20 percent of their General Fund and this bill is important to them.

Bob Vogel, Montana School Board Association and MT Rural Education Association, said there was a lack of trust between the state and local governments. He said school districts were not represented at the interim committee and impacts on school districts were significant in this bill. He said school districts were treated differently than other local governments in this bill and there was a sunset provision that only applied to school districts. HB 124 had a dramatic effect on the mix of local and state funding, however school districts would continue to rely on local voters for mill levies to fund their operations. He said they are proponents of this bill as many legislators continue to work with school districts. He said they are for the bill as long as the amendments (EXHIBIT 3) were put on the bill to address some of the school district's concerns and the promise to address school district problems in the interim. **{Tape : 2; Side : B; Approx. Time Counter : 4.9 - 18.3}**

Madalyn Quinlan, OPI, said on the second to the last page of the bill directed the Governor to include the amount of the school block grant in the 2005 biennium.

Jean Curtiss, Missoula Co., said this was a huge bill and affected hundreds of sections of state law. The way local government was funded right now was very complicated and money came from many sources. She said because of this complexity it is easy to be mistrustful of the state when dealing with money

issues. They favor this bill for simplification, predictability and stability of funding.

Allan Underdal, Toole Co., felt this was a step forward and that local governments were better off under this proposal than under the current system.

Gordon Morris, MACO, rose in support of HB 124.

EXHIBIT(tas75a05) EXHIBIT(tas75a06)

Hank Hudson, DPHHS, said he supported HB 124.

Mary Whittingbill, MT Taxpayers Association, rose in support of the bill with the amendments.

Ron Alles, Lewis and Clark Co., said they supported this bill.

Tim Burton, City of Helena, stood in support of HB 124.

Mary Sexton, Teton Co., said they supported the bill with the amendments. **{Tape : 2; Side : B; Approx. Time Counter : 18.3 - 24.5}**

Opponents Testimony:

Dal Smilie, American Motorcyclist Assoc., rose in opposition to HB 124. **EXHIBIT(tas75a07)**

Doug Abelin, MT Trail Vehicle Rider's Association, said they had spent a lot of time building their association and they do not want to lose their identity and the ability to direct funds where they feel are necessary.

J.D. Lynch, Butte School District #1, said education was the number one issue in our state and needed to be protected. He said they do not want to beat up local government, but rather protect school districts. He said they stand in opposition unless the amendments are approved. (EXHIBIT 3)

Bob Gilbert, Walleyes Unlimited, said they have concern with this bill in the areas of fees and money. He said fees on boats and airplanes go directly to the Fish, Wildlife and Parks, Department of Transportation and Aeronautics Department to fund them. The way the bill was written, those funds would go into the General Fund and then the Appropriations Committee would appropriate them back to DOT or FWP and there was no identifier to their use. He said they have to think about the people who imposed these fees on themselves and if their money was not doing what they want for them they will be back next Session asking for those fees to be

removed. He said this was confusing legislation. He said they are proposing in this legislation that local governments will get a 1.5% increase every year based on the accrual method. He said if the economy goes down and they borrow on the future they will not have the money for reimbursements and this will hurt counties and cities. He felt they needed to do four things: remove the mill levy, allow state assumption of the district courts, state assumption of welfare, and fund local government reimbursement from the last Session. He felt the bill needed more research and time. **{Tape : 3; Side : A; Approx. Time Counter : 0 - 2.5}**

Ken Hoovestol, MT Snowmobile Assoc., said on page 126, the decal fees for snowmobiles should be struck because it was put into the General Fund and then back to the Fish, Wildlife and Parks. He said the identity of this money was gone and they would like to have it earmarked.

Mary Phippen, MT Assoc. Clerks of District Court, rose in opposition to HB 124. **EXHIBIT (tas75a08)**

Tom Bilodeau, MEA-MFT, said this bill goes a long way in streamlining a very confusing, existing tax structure. He said they opposed this bill though because of technical problems with the timing of distribution to schools, how it affected cash flow and how it may jeopardize Indian impact aid. He said they had concern in how the bill treated schools with respect to the block grant and specifically the sunset placed on the block grant. He said their third concern was that schools have been completely omitted from the growth factor. He said with the amendments then the bill is more acceptable (EXHIBIT 3).

Mona Jamison, Gallatin Co., felt that the way the bill was too big and too much at one time which would end up creating more problems. The bill had too much centralization and equalization. She said they are a growing county and would lose some of their financing through this bill. They need those reimbursements to take care of the impacts that they are feeling from growth. She discussed the fiscal note. She said use this bill to get rid of mill tax levies and take care of the immediate things that are plaguing local governments and then phase in more changes later rather than trying to pass a 200 page bill right now. She passed out some amendments and discussed them (HB012434.agp).

EXHIBIT (tas75a09)

Ed Blacknen, Gallatin Co. Fiscal Office, said they liked the concept of this bill but from a financial standpoint it really hurts their county. He discussed amendments 3 and 5 (EXHIBIT 9).

Charles Brooks, Yellowstone Co., discussed testimony from Yellowstone Co. Commissioners. **EXHIBIT (tas75a10)**

John Larson, District Court Judge Missoula, said he did not know where the money was in this bill to fund district courts. He said he would like to see district courts funded by the State, but there is no reliable source of revenue to do that. He said if district courts are going to be funded in this bill it needs to be referenced as to where it is coming from specifically. He said there is no appropriation in HB 2 for district courts or their employees.

Ronda Carpenter, MT Coin Machine Operators, said when gambling came to this state, cities and towns received two-thirds of the taxes collected from gaming revenue and this bill changes that. Local governments can decide how much gambling they want in their communities by zoning, etc. and they decide the gaming revenues that come with it. She said this bill removes the local governments say on how these monies are going to be used. Any growth in gaming funds would not go to the local government but into the State General Fund and this is not right.

Questions from Committee Members and Responses:

SEN. EMILY STONINGTON said they have passed other bills out of the Senate to help cover some aspects of this bill. She said one example of this was the floating mills bill, but what other pieces of legislation has there been that is covered in this bill. **REP. STORY** said he did not know for sure all of the bills that have gone through, and that if this bill does not pass other bills will cover certain aspects such as welfare, etc.

SEN. STONINGTON said it was her understanding that the decline in reimbursements came out of the appropriation of the county wide transportation and retirement. **REP. STORY** said it comes out of the retirement fund from county general fund, city funds, schools, general funds, etc. and they will no longer see that decline. He said that \$2 million per year can still be distributed. He said one of the things that becomes part of the growth factor is the accrual of financial institutions.

SEN. STONINGTON said the one time accruals, because of the change in the process, was for about \$14 million and those go into the General fund and show up on the ending fund balance. She asked if there were any guarantee in the way the bill is written that they would be used to fund the growth. **REP. STORY** said the guarantee is in the formula of the bill. It says that in the next biennium they will use 70 percent and this is figured at a three percent growth factor.

SEN. JOHN BOHLINGER said Yellowstone Co. Commissioners have expressed some concern about HB 124 and there was some uncertainty about revenue streams and how they would support district courts and public defenders. **REP. STORY** said SB 176 deals with district courts and if that bill passed through the Senate then they would make sure that there was money in HB 124 to cover district courts. He referred to (EXHIBIT 2) and discussed where the money was allotted for district courts. He said on page 3 of the bill there was language in there that they would get the money by offsetting the reimbursement money to local governments for the cost of district courts. He said they would probably need an amendment to take care of the appropriation of money for district courts in HB 124.

SEN. BOHLINGER asked if the sponsor would be preparing amendments to take care of these types of concerns. **REP. STORY** said yes.

SEN. BOHLINGER said there was some concern about the necessity of having a three-fifth majority of both Houses. **REP. STORY** said he is not concerned about this either way as it is a statutory requirement.

SEN. MACK COLE asked about the taxes in this bill. **Ken Hoovestol** said several session ago they established the \$5.00 decal fee for snowmobiles. He said this money would not be here in the first place if it had not been originally earmarked and they don't feel it is up for grabs by anyone.

SEN. COLE said they heard testimony from the motorcycle association and other groups and is it all the same. **Ken Hoovestol** said yes, most have decal fees.

SEN. COLE asked about the major concerns that the counties expressed on this bill. **Gary Fylstad** said there are a lot of changes in the bill and it is hard for people to stay up on what has happened and to trust the state. He said most of the counties expressed the need for a clear statement of intent.

SEN. COLE asked if the statement of intent would create more trust with the counties. **Gary Fylstad** said yes and it would help bring some of the undecided counties on board. *{Tape : 3; Side : A; Approx. Time Counter : 0 - 17.8}*

SEN. ALVIN ELLIS said this bill was very complicated and did this create more complications for the Department of Revenue. **Judy Paynter**, Department of Revenue, said last Session there was approximately 7 or 9 reimbursement bills coming through the legislature and they were very complex even though they used the

same types of data they still had some different twists. She said as they studied this bill they looked at the entitlement share payments that are due September 15th, because of this they have already set up the formats and have given out preliminary numbers to all of the counties and cities and it seems quite workable at this time.

SEN. ELLIS said in the past the Department has had problems coming up with mill values and have these problems been fixed or is it going to be an ongoing problem. **Judy Paynter** said getting consistent mills for every special district was a problem and had not been solved yet.

SEN. ELLIS said he assumed they were creating one formula, which would be different for school districts than for cities and counties and would this bill add more complexity. **Judy Paynter** said they have initial complexity for the next couple of months until everything is implemented.

SEN. ELLIS said there is no reason for the Department of Revenue to handle these fees on snowmobiles, etc.. **Judy Paynter** said they have an amendment that when the money goes back to the Fish, Wildlife and Parks is gets earmarked just like it was before.

SEN. ELLIS asked why the fees for snowmobiles, etc. were in the bill. **REP. STORY** said they simply wanted to include all of the vehicle fees and distribute them back out with statutory appropriations and would also be in the earmarking process. **Judy Paynter** said they have been working with the Fish, Wildlife and Parks so that when the money is sent to them that by law it will be allocated back to the organizations.

SEN. ELLIS said there was some concern about the way the formula worked and the amount of money that organizations would be getting. **REP. STORY** said most of the work with amendments had been in the education area. The select committee did a lot of technical changes such as working on the motorcycle fees, etc. and making sure that they were earmarked. He explained some more changes that they did with fees, etc.. He said another amendment was if a revenue source disappeared then the state would sit down with local governments and try and figure out how to deal with those problems.

SEN. ELLIS asked if the sponsor supported the amendments that where brought forth by **REP. MANGAN**. **REP. STORY** said yes. *{Tape : 3; Side : A; Approx. Time Counter : 17.8 - 30.1}*

SEN. DAN HARRINGTON asked why some of the TIF's go on in reimbursement, etc. **Judy Paynter** said payments to the TIF's would

continue until the TIF dissolved or something happened to change the character of that TIF. She said the Industrial TIF would end in 2005.

SEN. HARRINGTON said he would like further explanation on the Industrial TIF and what happened after 2005. **Mr. Holman**, Local Development, said the biggest issue was the magnitude of the problem that they have right now with the industrial district confusion. There is a \$50 million dollar tax implement debt dating back to 1986 for cities and counties. He said during the 1999 Session with the passage of SB 200 the tax declined almost \$4.6 million dollars. He said when the department took out SB 184, the issue was so large they could not fund that district the same as other taxing districts.

SEN. HARRINGTON said one of his problems with this bill was if the economy in this country goes down and they have to come back and make major cuts, who was going to be the loser. He said with the passage of this bill they are taking monies that go directly to the counties and redistributing them. He said his big worry was what would happen next Session if counties need money, or if there has to be major cuts, etc. what happens then. **REP. STORY** said that is a worry that if this money is going into the State Fund that the counties won't get their fair share back and local governments will be the losers. He said with fiscal reimbursements, hopefully there will be more money as time goes on. He said this is one of the reasons that they put in an entitlement that every local government is involved in this decision. *{Tape : 3; Side : B; Approx. Time Counter : 0 - 7.9}*

SEN. JON ELLINGSON said he was concerned about the district courts and how they are going to be funded. He asked if the appropriation in this bill for the district courts of approximately \$21 million dollars would satisfy some concern.

John Larson replied he had not seen where that extra \$21 million dollars was coming from other than the General Fund. He said there are several employees that had to be paid in the district court and he felt that there was direct conflict with the assumptions of SB 176. He said he would like to be able to see specifically where this money was going to come from in HB 124.

SEN. ELLINGSON said the fiscal note needed to be updated to include district courts. He said the amount was not so important but where the revenue was coming from specifically. **John Larson** said he has been following SB 176 and he knows how they came up with \$21 million dollars by surveying county commissioners in each district. However, he is not sure that all expenditures have been included after one survey.

SEN. ELLINGSON asked more about the district court funding.

Gordon Morris said they do need to coordinate the language found in SB 176 to HB 124. He said district court costs are approximately \$24 million dollars. He referred to page 5, lines 2-4 in HB 124 and with this language SB 176 would be the controlling bill. He said for example in Cascade Co., they levy six mills for district court and nine mills for welfare. He said under this bill, their budget for district court would be \$1.3 million dollars and that figure would be taken out of their entitlement and they would be eligible for \$4 million dollars. \$1.4 million would go to District court and \$1.3 million would go for welfare. The State would be picking up from all of the counties relative to their district court budgets - \$14 million. He said there is also another \$2 million that comes from fees of the court, etc. He said there is also another \$6 million that comes from 10 percent motor vehicle distribution that currently goes into the district court reimbursement program. He stated this is a total of \$22 million dollars. He said each county would use that property tax authority that is no longer used by the district court and this would free up 15 mills that were district court and welfare mills. He said if the General Fund had 25 mills they could increase that to 40 mills. He said those 15 mills would have to go into a special account that would fund the operation of each department. He said this would work for any county. *{Tape : 3; Side : B; Approx. Time Counter : 7.9 - 17.5}*

SEN. ELLINGSON said there is language in the bill that states if the money is not there at the statewide level to fully fund expenses that the counties will be responsible for that. Gordon Morris said this language on page 14 and 15 needs to be struck from the bill. He said there is coordinating language in SB 176 to take care of that. He said there is money in HB 124 to cover the cost of the public defenders and they are not being excluded. In SB 176 those costs will be paid by the state and if the costs exceed what the state has appropriated the counties will have to pay. He said he did not feel this would happen though because right now every district has to fund its own district court. He said right now they can't move money from one district to the other and the state will have the authority to do that.

SEN. ELLINGSON said he was concerned about the \$11 million surplus that they will have in the first year. He said this will help in this biennium in terms of ending fund balance, but in the outlying years what will it do to this balance, etc. **REP. STORY** said the numbers speak for themselves and the way the bill is structured. He said the state and local governments are both assuming some risk and he feels it should be this way. He said one change they made over the objection of local governments was change the 70 percent to 56 percent. He said he would rather have

the money go to local governments where it goes for service, etc. rather than the state eating it up.

SEN. ELLINGSON said there is a negative fiscal impact in 2003 and was this true for the third and fourth years also. **REP. STORY** said those numbers are shown on the fiscal note. He said in 2005 they are no longer paying revenue into the TIF's and in 2006 the growth factor helps put them back in balance. *{Tape : 3; Side : B; Approx. Time Counter : 17.5 - 24.7}*

SEN. BILL GLASER said this bill is about cash flow and long term commitments and he would like to see where they are going to be in ten years. He said they need to give some assurance to local governments as to where they are heading with this. **Brad Simshaw**, Department of Revenue, said it is late in the Session and fiscal notes are top priority and they are trying to address any concerns that they might have.

SEN. GLASER said he would like concrete numbers on this bill to be able to understand it fully.

SEN. STONINGTON said there is about \$400,000 per year in FTE's to administer district courts and where is this money coming from. **Judy Paynter** said it comes from a mix of all the monies. She said that was included because it is impossible for each county to fund this.

SEN. STONINGTON asked if that money was directly out of the money being spent on district courts. **Judy Paynter** said that money is additional money from the state perspective spent on district courts and is new money.

SEN. STONINGTON said she would like to know exactly where that money has been pulled from and what is not getting funded to fund this. **Judy Paynter** said it is really not her choice to pick what gets funded and what does not and she does not know this.

SEN. STONINGTON said there is a bill going through the legislature to create two new district courts and how are they going to be funded. **Judy Paynter** said if they create new judicial districts it would be safe to say that those costs will have to be picked up also.

SEN. STONINGTON said on the fiscal note there is the termination of TIF s and what ones are going to expire. **Judy Paynter** said she could get the list for them.

SEN. ELLIS said when they passed SB 184 he thought that all local government and finance districts were treated the same. He said how does this bill handle that situation. **Judy Paynter** said all districts and local governments were treated the same.

SEN. ELLIS said what about ASMI. **Judy Paynter** said ASMI was given an industrial TIF. *{Tape : 4; Side : A; Approx. Time Counter : 0 - 7.4}*

Closing By Sponsor:

REP. STORY said this bill is the work of a lot of people across the state. There are still some issues that need to be worked on, but the major issues have been dealt with. He said if they start dealing with the revenue in the bill and for example if they take out the vehicle and gambling then they have to deal with district courts and welfare. He said in some counties the reimbursement is less than the cost of district courts and welfare and if they are assumed there is a fairly significant revenue cost to the state or there has to be some mills. He said it does not work in every county that way and some counties will send money to the state while others will receive money from the state. He said this bill does not work half way. He felt this is a move in the right step for a partnership between state and local governments. He said they really don't deal with providing services to the average person in Montana other than funding schools and it would be good if they could do that. He said in section 4 of the bill, line 19, page 12, they put in an amendment on the House floor to change the mill from .1 mills to 1 mill. *{Tape : 4; Side : A; Approx. Time Counter : 7.4 - 15}*

CHAIRMAN DEPRATU said he is going to appoint a subcommittee with **SEN. GLASER** chair, **SEN. ELLIS** and **STONINGTON** on the committee.

ADJOURNMENT

Adjournment: 11:15 A.M.

SEN. BOB DEPRATU, Chairman

DEB THOMPSON, Secretary

BD/DT

EXHIBIT (tas75aad)